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SUBJECT: EUR DAS BRYZA DISCUSSES CAUCASUS, CENTRAL ASIA,  
AND ENERGY SECURITY WITH EU OFFICIALS

Classified By: USEU POLCOUNS LEE LITZENBERGER; REASONS 1.4 (B,D)

[11.](#) (C) Summary: In U.S.-EU COEST Troika consultations on Caucasus and Central Asia on February 23, EUR DAS Matt Bryza discussed with EU officials how to change the dynamic of discussions on South Ossetia. Echoing an EU Presidency statement on February 21, EU representatives agreed that the international community should explore the idea of a new forum besides the Joint Control Commission (JCC) to negotiate a political settlement for South Ossetia. EU officials acknowledged that Russian intransigence is an impediment in negotiations but said that Georgian rhetoric and behavior should also be moderated. EU Special Representative (EUSR) for Caucasus Talvitie said that it is also important to say that the JCC still has a function in implementing previous agreements and in advancing Phases 1 and 2 of Georgia,s South Ossetia settlement plan: de-militarization/confidence building measures; and economic rehabilitation. All agreed that discussions on Nagorno-Karabakh (N-K) should continue despite the missed opportunities at the Feb.10-11 summit at Rambouillet. The Austrian Presidency said it would like to help the cause of Armenian/Turkish relations during its tenure. EUSR believes that the South Caucasus has a European future and it would be valuable to try to convince officials in Moscow of this. On Central Asia, the Austrian Presidency said it will have a series of events focused on Central Asia starting in April in Astana. On Kazakhstan, the European Commission highlighted three goals: 1) Support democratic reforms; 2) Assist in WTO accession; 3) Engage on energy. On Kyrgyzstan and Tajikistan, EU has not been able to effectively address its priorities of democratization and poverty alleviation because of its limited representation. However, all agreed that promotion of moderate Islam in Kyrgyzstan and Tajikistan would be key to EU/US interests in the region. There are no improvements in EU relations with Uzbekistan. Regarding Turkmenistan, the EU pushed the idea of having human rights consultations in Ashgabat and promoting a constructive energy dialogue to promote European energy security. End Summary.

Georgia-Russia-South Ossetia

[12.](#) (C) DAS Bryza acknowledged the Austrian EU Presidency,s February 21 statement on South Ossetia, which noted that the JCC should be judged according to the results it achieved, and that the international community should look at other avenues for negotiation. Bryza suggested that one possibility could be a forthcoming OSCE Donors' Conference for South Ossetia, which would be attended by the EU and OSCE and member states from these organizations, and which could build momentum towards a new and potentially more successful negotiation process. Commission staff expressed caution, and Talvitie, while acknowledging the JCC's limitations, stressed that it is important for us to say that the JCC still has a function: implementing previous agreements and in advancing Phases 1 and 2 of Georgia,s South Ossetia settlement plan: de-militarization/confidence building measures; and economic rehabilitation.

[13.](#) (C) Talvitie urged a cautious approach on negotiations, wondering whether we should first acknowledge Russia,s preference to discuss de-militarization of South Ossetia before moving on status discussions. Talvitie nevertheless stressed it should be made clear to the Russians that we do want to discuss status soon. DAS Bryza acknowledged this reality but expressed concern that the Georgians need to see soon that there is a "light at the end of the tunnel" before they get discouraged and therefore emboldened. The Russians need to understand that our leverage over the Georgians faces real limits, and Georgians may resort to force if they feel they lack support in the international community to press Russia to cooperate in advancing a peaceful, negotiated settlement. Thus, the status quo that Russia seems to seek may not actually exist. DAS Bryza expressed appreciation at the February 21 EU statement on South Ossetia noting we might build on it to changeing the dynamic of negotiations over the conflict. Bryza lamented that Russia had taken several provocative steps in recent days with respect to the South Ossetia conflict, including: walking back its agreement to

attend a JCC session in Vienna if the Georgian parliament moderated its resolution calling for the withdrawal of Russia's peacekeeping operation, (which the Georgian Parliament did in fact do); falsely dubbing a meeting in Moscow with the Ossetians a JCC (even though Amb. Kenyaikin assured Bryza this would be only an informal, preparatory meeting for a later JCC), and then claiming Georgia and the OSCE refused to attend the "JCC;" canceling Georgian Prime Minister Noghaidei's meeting with Russian PM Fradkov, (which the Russians pledged to hold if the Georgian Parliament moderated its resolution); and reportedly conducting military over flights of Georgian territory. EU interlocutors agreed such Russian behavior appeared designed to be provocative, and recognized that the Georgian side had indeed moderated its behavior in recent weeks, as requested by Moscow.

#### Armenia/Azerbaijan

14. (C) Representing the incoming Finnish Presidency, Petteri Vuoromaki urged the continued work of OSCE co-chairs on N-K negotiations and believed that we needed to "rein in" both parties because the rhetoric is getting too aggressive. He expressed concern that Azerbaijan may soon become bellicose on N-K as it begins to fortify its army from its oil windfall. EUSR Talvitie conveyed that one high-level Azeri official expressed to him the desire for additional peace negotiations since the Rambouillet talks failed to make any progress. The Austrian Presidency believed that we could see a Russian effort "to deliver" a solution for N-K by this summer's G-8 summit in order to portray itself as a peacemaking nation while continuing to forestall negotiations on South Ossetia.

15. (C) DAS Bryza said that Rambouillet was not a complete failure, that Azerbaijani President Aliyev had made a significant offer, that the ball was now in the Armenian court, and that Moscow had a chance to deliver Yerevan. DAS Bryza expressed hope that Turkey would agree to open its border with Armenia should Armenia withdraw from territories it currently occupies in Azerbaijan as part of a broader deal on NK. The Austrian Presidency said that it is interested in advancing Turkish/Armenian relations during its tenure and would work to achieve this end.

16. (C) EUSR Talvitie said that we needed to approach democratization of Armenia and Azerbaijan in an "evolutionary" mindset. He welcomed the U.S. statement following Azerbaijani elections in early November. He believes transformation can happen there but that we will have to be patient. In a humorous aside, EUSR said that when he goes to Baku and Yerevan to speak to their respective Parliaments, he gets standing ovations when he proclaims that the "EU is for evolution, not for revolution!" However, he receives a standing ovation in Tbilisi when he propounds in Parliament that "the EU is for revolution, not for evolution!" However, he believes that it is worthwhile to convince a tough crowd in Europe that the South Caucasus has a European identity and future; he thought this was common ground for the EU and US to work together. Expressing optimism about President Aliyev, Talvitie said that Aliyev will need time to simultaneously shed the "dead-wood" from his father's entourage while building his own political base. The EC said it will be opening offices in Azerbaijan in 2007.

#### Kazakhstan

17. (C) The Commission said its goals for Kazakhstan are threefold: 1) Support democratic reforms; 2) Assist in WTO accession; 3) Engage on energy. The EC believes that market-driven energy climate in Kazakhstan is important and it will work to achieve this; it supports the idea of multiple sources of energy through multiple pipelines. DAS Bryza said that Kazakhstan is emerging as the key partner in the region and that the EU/US should work with Kazakhstan's new Deputy Prime Minister, Karim Masimov, to help him move reforms forward. All agreed that Kazakhstan's bid for the 2009 OSCE Chairman-in-Office is problematic, but we should not rule out future bids.

#### Tajikistan

18. (C) The Commission pointed out that Tajikistan is the most important and biggest recipient of the Commission's aid in Central Asia. However, given the EU's limited representation in Dushanbe, efforts to channel this aid to effective use for poverty alleviation are hamstrung. The EC expressed concern about President Rahmonov's systematic repression of political candidates and the Tajik Parliament's consideration of an NGO law that would require continued re-registration of foreign NGOs represented in the country; the EC considers this proposal misguided and

would seriously impede their NGO operations.

19. (C) All parties agreed on the importance of helping Tajikistan bolster its traditions of tolerant faith and scientific learning to counter foreign missionaries, attempts to import extremist interpretations of Islam. DAS Bryza conveyed that this is an important area for EU/US cooperation and that together we can help remind Tajiks of the importance of their indigenous history and their deeply-held, moderate Islamic roots. The Austrian Presidency believed that, together, the EU and US should convey to Rahmonov that having a moderate Islamic political party in his government is a positive sign. DAS Bryza concurred and said that the USG has been trying to send this message but Rahmonov's mistrust of political opposition is hindering progress on this front.

Kyrgyzstan  
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110. (C) EU officials expressed worry about Kyrgyzstan trending "from bad to worse." Political discussions between the EU and the Kyrgyz government have been disappointing, Council officials said, and the economy is not only slowing, but contracting. The Commission made reference to a cooperation agreement that was signed on February 3 between Turkish Cypriots and Kyrgyzstan; the EC believes that Moscow might have encouraged this deal to be signed as a way to drive a wedge between Brussels and Bishkek. Further enshrouding this situation was when the EU asked the Kyrgyz government for the substance of the agreement, the Kyrgyz declined saying the agreement is confidential. Furthermore, the EC thought it was odd that

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the Turkish Prime Minister recently received the Kyrgyz Foreign Minister. DAS Bryza believed that the pull from Moscow is strong right now in Bishkek (as it is in Dushanbe) and therefore we have to work extra hard to advance democratization in these two countries. We have a real interest in seeing Kyrgyzstan succeed - therefore, we have to promote democracy. Stability comes legitimacy, which derives from democracy. EU officials agreed with DAS Bryza that the GOK risked prompting a resurgence of civil unrest if it failed to advance democratic and constitutional reform and fight corruption. Civil society (fortunately) remained vibrant in Kyrgyzstan, and expected President Bakiyev to deliver on his promises to provide justice and prosperity.

Uzbekistan/Turkmenistan  
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111. (C) The Austrian Presidency conveyed that there have been no improvements in the EU's relationship with Tashkent. There is little incentive for the EU to cooperate with Uzbekistan as the Karimov government says it wants to be able to choose which EU NGOs can operate in the country; if the EU does not allow this, the Commission said, the government has said it will make life extremely difficult for NGOs there. Citing no improvement in US-Uzbek relations, DAS Bryza said the U.S. aimed to sustain its current - albeit modest - level of engagement with Uzbekistan. The U.S. had made a conscious decision to criticize the GOU's indiscriminate use of force in Andijan, in full recognition that this would likely cost us access to the air base at Karshi Khanabad. Karimov was uncomfortable in the position he is in right now being wholly dependent on Beijing and Moscow. Perhaps he would come to his senses and realize the only way to end the descending spiral of repression-extremism-repression-extremism was to embrace reform rather than repression. In the long run, the United States and the people of Uzbekistan would hopefully be able to work together to help the people of Uzbekistan embrace the moderate traditions of Classical Islam that were born a millennium ago in what is today Uzbekistan. This was perhaps the most effective way to counter the extremist threat that Hizb-U-Tahir poses to Uzbekistan.

112. (C) On Turkmenistan, DAS Bryza called on the EU/US to explore whether a trans-Caspian gas pipeline might bolster European energy security. DAS Bryza explained that Niyazov was indicating interest in a Trans-Caspian Pipeline to provide him some leverage in dealing with Gazprom, thereby allowing him to negotiate a gas sales price that Gazprom could no longer dictate and which was closer to prices in the European market. The Austrian Presidency shared these opinions but also pushed to have human rights conversations with Turkmen officials in Ashgabat (where, they said, a lot of government officials actually show up for these meetings). DAS Bryza agreed, recounting how he told President Niyazov in January that securing the participation of U.S. companies and/or export finance organizations like OPIC in a trans-Caspian pipeline would require progress on democracy and human rights.

## Energy Security

13. (C) DAS Bryza discussed the broader issue of European energy security with EU officials. The U.S. sought to enhance European energy security because the more secure Europe is, the more secure the U.S. will be, and because U.S. interests are served when markets function well. While we do not want confrontation with Russia's gas monopoly Gazprom, we share an interest with our European friends in Europe diversifying Europe's gas supplies away from Gazprom. We could do so by relying on market mechanisms. Our goal is to accelerate upstream investment by private companies in gas production in Azerbaijan, Central Asia, and Iraq, which in turn will provide Europe confidence that it can negotiate more firmly with Gazprom on pricing without locking itself into long-term deals that increase its dependence on a singly supplier of gas. But convincing upstream producers to accelerate their investments would require Europeans to provide requisite regulatory reforms and pipeline infrastructure to receive Central Asian gas. Turkmenistan figures prominently in this strategy, since its gas reserves are the largest currently in play for delivery to Europe via either the Gazprom network or a new corridor running across the Caspian Sea to Azerbaijan, then through Georgia and Turkey to Greece and Italy, and/or to Romania, Bulgaria, Hungary, and Austria. As such a "Southern Corridor" emerges, the large split between Central Asian and European gas prices would gradually diminish, thereby eliminating the enormous rents that fuel organized crime and lack of energy sector reform along pipeline routes. Moreover, as Gazprom lost the ability to force Central Asian countries to sell it cheap gas, it would need to reform itself internally to attract foreign investors required to develop gas fields in Russia. This was the only way to channel Gazprom toward more market-based and therefore, constructive behavior. EU officials took on board this message. They agreed on the need to eliminate the price differentials between gas bought in Central Asia and Europe and agreed commercial competition was the best and perhaps only way to channel Gazprom toward reform rather than acquisition of European energy assets. EUSR said that the EU will play an important role in advancing energy security in its dialogue with Turkey. The EU said a green paper on European energy security would be forthcoming in the spring.

14. (U) DAS Bryza has cleared this cable.  
McKinley